THE WHITE HOUSE

Office of the Press Secretary

(Jerusalem)

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STATEMENT BY THE PRESIDENT

ON THE ISRAELI-PALESTINIAN PEACE PROCESS

King David Hotel

Jerusalem

5:27 P.M. (LOCAL)

THE PRESIDENT: Good afternoon. I'd like to, first, thank Prime Minister Olmert and President Abbas for their hospitality during my trip here to the Holy Land. We had very good meetings, and now is the time to make difficult choices.

I underscored to both Prime Minister Olmert and President Abbas that progress needs to be made on four parallel tracks. First, both sides need to fulfill their commitments under the road map. Second, the Palestinians need to build their economy and their political and security institutions. And to do that, they need the help of Israel, the region, and the international community. Third, I reiterate my appreciation for the Arab League peace initiative, and I call upon the Arab countries to reach out to Israel, a step that is long overdue.

In addition to these three tracks, both sides are getting down to the business of negotiating. I called upon both leaders to make sure their teams negotiate seriously, starting right now. I strongly supported the decision of the two leaders to continue their regular summit meetings, because they are the ones who can, and must, and -- I am convinced -- will lead.

I share with these two leaders the vision of two democratic states, Israel and Palestine, living side by side in peace and security. Both of these leaders believe that the outcome is in the interest of their peoples and are determined to arrive at a negotiated solution to achieve it.

The point of departure for permanent status negotiations to realize this vision seems clear: There should be an end to the occupation that began in 1967. The agreement must establish Palestine as a homeland for the Palestinian people, just as Israel is a homeland for the Jewish people. These negotiations must ensure that Israel has secure, recognized, and defensible borders. And they must ensure that the state of Palestine is viable, contiguous, sovereign, and independent.

It is vital that each side understands that satisfying the other's fundamental objectives is key to a successful agreement. Security for Israel and viability for the Palestinian state are in the mutual interests of both parties.

Achieving an agreement will require painful political concessions by both sides. While territory is an issue for both parties to decide, I believe that any peace agreement between them will require mutually agreed adjustments to the armistice lines of 1949 to reflect current realities and to ensure that the Palestinian state is viable and contiguous. I believe we need to look to the establishment of a Palestinian state and new international mechanisms, including compensation, to resolve the refugee issue.

I reaffirm to each leader that implementation of any agreement is subject to implementation of the road map. Neither party should undertake any activity that contravenes road map obligations or prejudices the final status negotiations. On the Israeli side that includes ending settlement expansion and removing unauthorized outposts. On the Palestinian side that includes confronting terrorists and dismantling terrorist infrastructure.

I know Jerusalem is a tough issue. Both sides have deeply felt political and religious concerns. I fully understand that finding a solution to this issue will be one of the most difficult challenges on the road to peace, but that is the road we have chosen to walk.

Security is fundamental. No agreement and no Palestinian state will be born of terror. I reaffirm America's steadfast commitment to Israel's security.

The establishment of the state of Palestinian is long overdue. The Palestinian people deserve it. And it will enhance the stability of the region, and it will contribute to the security of the people of Israel. The peace agreement should happen, and can happen, by the end of this year. I know each leaders shares that important goal, and I am committed to doing all I can to achieve it.

Thank you.

END 5:32 P.M. (Local)